

CANADIAN RUGBY FOUNDATION
FINANCIAL STATEMENTS
DECEMBER 31, 2017

DRAFT

REVIEW ENGAGEMENT REPORT

To the Directors

We have reviewed the accompanying financial statements of Canadian Rugby Foundation that comprise the statement of financial position as at December 31, 2017 and the statements of operations, change in net assets, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal controls as management determines are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Practitioner's Responsibility

Our responsibility is to express a conclusion on the accompanying financial statements based on our review. We conducted our review in accordance with Canadian generally accepted standards for review engagements, which require us to comply with relevant ethical requirements.

A review of financial statements in accordance with Canadian generally accepted standards for review engagements is a limited assurance engagement. The practitioner performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less in extent than, and vary in the nature from, those performed in an audit conducted in accordance with Canadian generally accepted auditing standards. Accordingly, we do not express an audit opinion on the financial statements.

Basis for Qualified Conclusion

In common with many not-for-profit organizations, the Foundation derives revenue from donation and fundraising activities, the completeness of which is not susceptible to us obtaining evidence we considered necessary for the purpose of the review. Accordingly, the evidence obtained of these revenues was limited to the amounts recorded in the records of the Foundation. Therefore, we were unable to determine whether any adjustments might have been found necessary with respect to fundraising revenue, excess of revenue over expenses, and cash flows from operations for the years ended December 31, 2017 and 2016, current assets as at December 31, 2017 and 2016, and net assets as at the beginning and the end of the years ended December 31, 2017 and 2016. Our conclusion on the financial statements as at and for the year ended December 31, 2016 was modified accordingly because of the possible effects of this limitation in scope.

Qualified Conclusion

Based on our review, except for the possible effects of the matter described in the Basis for Qualified Conclusion paragraph, nothing has come to our attention that causes us to believe that the accompanying financial statements do not present fairly, in all material respects, the financial position of Canadian Rugby Foundation as at December 31, 2017, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

TRENTHAM & COMPANY

Chartered Professional Accountants LLP

Victoria, British Columbia
To be dated

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CANADIAN RUGBY FOUNDATION
Statement of Financial Position
December 31, 2017

	2017	2016
ASSETS		
Current assets		
Cash	\$ 68,489	\$ 206,383
Accounts receivable	2,294	-
Goods and services tax receivable	2,193	1,747
Investments (note 3)	3,636,649	3,380,240
Prepaid expenses	11,778	16,239
	3,721,403	3,604,609
Tangible capital assets, net (note 4)	830	98
	\$ 3,722,233	\$ 3,604,707
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable and accrued liabilities	\$ 2,997	\$ 3,731
Net assets		
Restricted funds	3,176,141	3,143,469
Operating fund	543,095	457,507
	3,719,236	3,600,976
	\$ 3,722,233	\$ 3,604,707

Approved by the Directors

(see accompanying notes)

UNAUDITED

CANADIAN RUGBY FOUNDATION**Statement of Change in Net Assets****Year ended December 31, 2017**

	Operating fund	Restricted funds	Total 2017	Total 2016
Net assets, beginning of year	\$ 457,507	\$ 3,143,469	\$ 3,600,976	\$ 2,963,843
Excess of revenues over expenses for the year	85,588	32,672	118,260	637,133
Net assets, end of year	\$ 543,095	\$ 3,176,141	\$ 3,719,236	\$ 3,600,976

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(see accompanying notes)

UNAUDITED

CANADIAN RUGBY FOUNDATION**Statement of Operations**

Year ended December 31, 2017

	Operating fund	Restricted funds	Total 2017	Total 2016
Revenue				
Donation receipts	\$ 43,626	\$ 342,031	\$ 385,657	\$ 340,274
Fundraising activities	19,868	-	19,868	12,130
Dividend revenue	21,398	-	21,398	35,430
Interest revenue	36,236	-	36,236	36,876
Foreign income	34,017	-	34,017	31,410
Gain (loss) on sales of marketable securities	-	83,675	83,675	(66,139)
Gain in fair value of marketable securities	-	126,492	126,492	423,307
(Loss) on disposal of tangible capital assets	(49)	(49)	(98)	-
	155,096	552,149	707,245	813,288
Expenses				
Administration				
Accounting and legal	7,148	7,148	14,296	12,287
Amortization	108	108	216	70
Bank charges and interest	661	661	1,322	5,174
Office and sundry	5,083	5,083	10,166	9,571
Telephone and utilities	538	538	1,076	453
	13,538	13,538	27,076	27,555
Non-administration				
Investment management fees	22,692	-	22,692	14,977
Life insurance premium costs	13,393	-	13,393	15,198
	36,085	-	36,085	30,175
Fundraising				
Fundraising activities	19,885	-	19,885	39,910
Gifts to qualified donees	-	505,939	505,939	78,515
	19,885	505,939	525,824	118,425
	69,508	519,477	588,985	176,155
Excess of revenue over expenses for the year	\$ 85,588	\$ 32,672	\$ 118,260	\$ 637,133

(see accompanying notes)

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CANADIAN RUGBY FOUNDATION**Statement of Cash Flows**

Year ended December 31, 2017

	2017	2016
Cash provided from (used in)		
Operating activities		
Excess of revenue over expenses for the year	\$ 118,260	\$ 637,133
Items not involving cash:		
(Gain) loss on sale of investments	(33,364)	204,858
(Gain) loss in fair value of marketable securities	(126,492)	(423,307)
Loss on disposal of tangible capital assets	98	-
Amortization	216	70
	(41,282)	418,754
Changes in non-cash operating working capital		
Change in accounts receivable	(2,740)	7,304
Change in prepaid expenses	4,461	(16,239)
Change in accounts payable	(735)	(11,128)
	986	(20,063)
Cash flows used in investing		
Proceeds from sale of investments	425,688	4,459,823
Purchase of investments	(522,241)	(4,936,416)
Purchase of tangible capital assets	(1,045)	-
	(97,598)	(476,593)
Decrease in cash and cash equivalents during the year	(137,894)	(77,902)
Cash and cash equivalents, beginning of year	206,383	284,285
Cash and cash equivalents, end of year	\$ 68,489	\$ 206,383
Cash and cash equivalents, consists of		
Cash	\$ 68,489	\$ 206,383

(see accompanying notes)

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CANADIAN RUGBY FOUNDATION

Notes to the Financial Statements

December 31, 2017

1. Purpose of the Organization

The Canadian Rugby Foundation was incorporated on January 1, 2002 to foster, encourage and promote the game of rugby among both genders within Canada through grants, bursaries, scholarships and awards to qualified donees including the Canadian Rugby Union.

The Foundation was registered as a charitable organization under the Income Tax Act on December 18, 2002 and, accordingly, is exempt from income taxes.

2. Significant accounting policies

These financial statements have been prepared by management in accordance with Canadian accounting standards for not-for-profit organization and include the following significant accounting policies:

(a) Revenue recognition

The Foundation follows the restricted fund method of accounting for contributions. Contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Contributions in-kind are recognized at fair value at the date of contributions, if determinable.

Investment income includes interest, foreign investment income, and dividends earned on the Unrestricted and Restricted Funds and is recognized as revenue of the Unrestricted Fund. Realized and unrealized market gains and losses are recognized as revenue or losses of the Restricted Fund.

(b) Funds

For financial reporting purposes, the accounts have been classified into the following funds:

(i) Unrestricted

The Operating Fund accounts for the Foundation's operational and administrative activities. The Operating Fund reports unrestricted resources available for immediate purposes. The Foundation's investments in tangible capital assets are also included in the Operating Fund.

(ii) Restricted

The Restricted Funds consist of various funds for which long term donations have been made for specific purposes. The donations made to these restricted funds are considered to be gifts of enduring property as the donations are subject to written direction that the Foundation hold these gifts for a period of at least ten years. Income earned on restricted funds is used for operational activities.

The balance sheet presents the combined assets and liabilities of all funds.

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CANADIAN RUGBY FOUNDATION

Notes to the Financial Statements

December 31, 2017

2. Accounting policies (continued)

(c) Contributed goods and services

Contributed assets, which are transferred to the Foundation, are recognized at their fair market value in the financial statements at the time of acceptance by the Foundation, if determinable

Volunteers and other organizations have contributed significant time and resources to assist the foundation in carrying out its programs and activities. Because of the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

(d) Financial Instruments

The Foundation's financial instruments consist of investments, accounts receivable, prepaid expenses, and accounts payable and accrued liabilities. The foundation initially measures its financial assets and liabilities at fair value. The Foundation subsequently measures all its financial assets and financial liabilities at amortized costs, except for cash and marketable securities.

Investments consist of common and preferred shares, money market investments, and mutual fund trust units. The measurement of fair value is determined by published price quotations in an active market. Net gains and losses arising from changes in fair value are recognized in the revenue and expenses of the Restricted Funds for the year.

(e) Use of estimates

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Items requiring the use of estimates include the estimated useful life of tangible capital assets, accrued liabilities and rates for amortization. Actual results could differ from these estimates.

(f) Allocation of expenses

The Foundation allocates expenses that are not directly attributable to a specific fund between funds based on estimated time and use. Management estimates that the allocation for these expenses is equal between the operating fund (50%) and the restricted funds (50%).

(g) Tangible capital assets and amortization

Tangible capital assets are recorded at cost and are being amortized over their estimated useful lives using the following rates and methods:

Computer hardware	-	55% declining balance
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CANADIAN RUGBY FOUNDATION

Notes to the Financial Statements

December 31, 2017

3. Investments

Investments are managed on a discretionary basis by an external investment manager and are reported at market value. The asset allocations at year end are as follows.

	2017	2016
Money market investments	\$ -	\$ 96,054
Fixed income investments	1,419,180	1,192,075
Equity investments	2,217,469	2,092,111
Fair market value of investments	\$ 3,636,649	\$ 3,380,240

4. Tangible capital assets

	Cost	Accumulated Amortization	Net Book Value	
			2017	2016
Computer hardware	\$ 1,046	\$ 216	\$ 830	\$ 98

5. Financial risks management

The foundation actively manages the risks that arise from its use of financial instruments, including liquidity, credit, market, and interest rate risk. The Foundation does not utilize derivatives or other off-balance sheet instruments, nor does the Foundation engage in hedging transactions.

(a) Liquidity risk

Liquidity risk is the risk that the Foundation will be unable to fulfil its obligations on a timely basis or at a reasonable cost. A key liquidity requirement for the Foundation is grant commitments and monitoring its operating requirements. Liquidity risk is managed by investing the majority of the Foundation's assets in investments that are traded in an active market and can be readily liquidated and by monitoring its operating requirements. In addition, the Foundation aims to retain sufficient cash positions to maintain liquidity. The Foundation's investments are considered readily realizable and liquid, therefore the Foundation's liquidity risk is considered minimal. There has been no change to the risk exposures from 2016.

(b) Credit risk

Credit risk is the potential for a financial loss should a counter party in a transactions fail to meet its obligations. The Foundation's investments in short-term investments, bonds and debentures are subject to credit risk. The maximum exposure to credit risk on these financial instruments is their carrying values.

5. Financial risks management (continued)

(c) Market risk:

Returns on the Foundation's investments are subject to risk factors specific to general economic conditions. The market value presents the Foundation's maximum exposure to market/credit risk. The Foundation reduces this risk by investing in a portfolio that is diversified.

(d) Interest rate risk:

The Foundation is exposed to interest rate risk on its fixed and floating interest rate financial instruments. Fixed-rate instruments subject the Foundation to a fair value risk while the floating rate instruments subject it to a cash flow risk. The Foundation is exposed to this type of risk as a result of investments in short-term investments, bonds and money market funds. The risk associated with investments is managed by the external investment manager.

6. Comparative figures

Certain comparative figures have been reclassified to conform with the current year's method of presentation.